
DEFINITIONS

- **Actuals vs. Budget/Estimate** - This document includes analyses of department appropriations and funds based on variances between the 2007-2008 actual revenues/expenditures and either the 2007-2008 Modified Budget or 2007-2008 estimates.
 - "Actuals" represent estimated, unaudited year-end close figures as of June 30, 2008.
 - "Budget" reflects the original 2007-2008 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
 - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2008. These estimates were used in calculating the year-end fund balance, and consequently, the 2008-2009 Adopted Budget beginning fund balance.
- **Budgetary Basis vs. GAAP** - The figures used throughout the text of this report are presented in accordance with the budget. The Financial Statements section of this report, however, has been prepared using reports, which in many cases, have been adjusted to report transactions in accordance with generally accepted accounting principles (GAAP). Major differences between the budgetary basis and GAAP basis include:
 - Year-end encumbrances are recognized as the equivalent of expenditures for budgetary purposes. Encumbrances are not recognized as expenditures on a GAAP basis until recorded as actual expenditures. As a result, the expenditures and encumbrances have been combined in the text for a budgetary basis presentation, while the Financial Statements section presents expenditures and encumbrances separately.
 - In Governmental Funds, an amount for the current year's compensated absences is not recognized on a budgetary basis since annual expenditures related to vacation, sick leave, and compensatory time are budgeted as part of departmental personal services.
 - Certain loan transactions and debt service payments are not recognized as expenditures on a GAAP basis since these payments represent a reduction of an existing debt obligation. For budgetary purposes, however, these payments represent a "use of funds" and are budgeted as such.
 - Under the GAAP basis, grant resources that are restricted to capital acquisition or construction in an enterprise fund are identified as contributions of capital and are not recorded as revenue. For budgetary purposes, grant funding, such as this, is recognized as a source of funds.

DEFINITIONS (CONT'D.)

- **Presentation** - In the analyses that follow, dollar amounts are presented in thousands unless otherwise specified.
- **Glossary of Terms** - Definitions of frequently used budgetary and accounting terms are presented on the next page.

GLOSSARY OF TERMS

Appropriation

The legal authorization granted by the City Council to the Administration to make expenditures and incur obligations for purposes specified in the Appropriation Ordinance.

Base Budget

Ongoing expense level necessary to maintain service levels previously authorized by the City Council.

Capital Budget

A financial plan of capital projects and the means of financing them for a given period of time.

Capital Improvement Program (Five-Year)

A plan, separate from the annual budget, which identifies all capital projects to be undertaken during a five-year period, along with cost estimates, method of financing, and a recommended schedule for completion.

Carryover

Unspent funds, either encumbered, reserved, or unobligated, brought forward from prior fiscal years.

Contingency Reserve

An appropriation of funds to cover unforeseen events that occur during the budget year, such as emergencies, newly-required programs, shortfalls in revenue, or other eventualities.

Contractual Services

Operating expenditures for services provided by outside organizations and businesses, including maintenance contracts, management services, etc.

Debt Service

The amount required to pay interest on and to retire the principal of outstanding debt.

Encumbrance

Financial obligations such as purchase orders, contracts, or commitments which are chargeable to an appropriation and for which a portion of the appropriation is reserved.

Fiscal Year

A 12-month accounting period to which the annual budget applies; for San José, it is the period July 1 through June 30.

Fund

An independent fiscal and accounting entity used to account for all financial transactions related to the specific purpose for which the fund was created by ordinance.

Fund Balance

The difference between total revenue sources and total expenditures in a fund. The fund balance is calculated at the end of the fiscal year.

General Fund

The primary operating fund used to account for all the revenues and expenditures of the City which are not related to special or capital funds.

Non-Personal/Equipment Expenses

Operating costs which are not related to personnel, such as supplies, training, contractual services, utilities and vehicles.

Operating Budget

A financial plan for the provision of direct services and support functions.

Personal Services

Salary and fringe benefit costs of City employees.

Rebudget

Unspent and unencumbered prior year funds reauthorized for the same purpose as previously approved, usually as a result of delayed program implementation.

Reserve

Funds budgeted for a particular purpose but not authorized for immediate obligation.

Special Purpose Funds

Funds, exclusive of the General Fund and capital funds, which are separately administered because they are associated with a distinct function or enterprise.

Transfers

Transfers between funds to account for reimbursements for services, overhead expenses, or other payments.